

“PHONE-IES”

– Some Typical Telemarketing Scams

How can you recognize a telemarketing scam when you answer your telephone? First of all, watch out for high-pressure sales tactics. Legitimate businesses will usually recognize the fact that you’re not interested. Also, it helps to know about some of the scams that are going on right now. Here are some examples:

Credit Card Scams

- **Phony credit card offers** are among the most frequent telemarketing scams. The callers target consumers with financial problems, typically asking for payment up front by arranging to transfer funds directly out of the consumer’s account. Beware! Most legitimate credit card issuers do not charge in advance. Never give out your bank account or debit card number to someone who calls you on the phone.
- **Telemarketers may ask** you for your credit card number because they have a “free gift for credit card holders.” They may tell you that, after your number is verified, you’ll be sent a gift. In reality, they may use your credit card to purchase the “gift” or to make other charges to your account. In most instances, California law prohibits a telemarketer from telling you that you have won a prize and then requiring you to pay any money to receive it.
- **Another common pitch** involves an offer for credit card “loss protection” insurance. Don’t buy it. Such protection plans offered to consumers are generally useless. Beside, by law you are only liable, at most, for \$50 worth of unauthorized charges to your credit card.



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International Lottery Scams

- **One day, you may** pick up your phone to hear someone announce that you have a chance to receive hundreds of thousands of dollars through a foreign lottery. These scam operators entice unsuspecting consumers to buy chances in high-stakes foreign lotteries from as far away as Australia and Europe.

Investment Rip-offs

- **These types of scams** may promise great returns to people who are willing to make “guaranteed” or “can’t lose” investments in things such as gold, silver and other metals, coins, stamps, or oil and gas well leases. Precious metals often are sold using bank financing or “leveraged contracts” (a small investment controlling a large amount of metals). The loan fees or other sale charges can quickly erode any potential profit, even if the company is legitimate. Oil and gas well leases are often pitched as solid investments, when in fact the wells may be either non-existent or non-productive. Rare coins are often extremely overpriced, of poor quality, or never delivered.

There are many other scams out there (magazine sales, work-at-home offers, buyers clubs, etc.), and these shady individuals are always looking for new ways to scam consumers. Knowledge about your rights will give you the advantage the next time you’re called by an unscrupulous telemarketer.



Basic Facts About Telemarketing

Telemarketers are people who sell things over the telephone. Although many telemarketers sell legitimate products from lawful companies, disreputable telemarketers using false and deceptive sales practices cost American consumers \$40 billion a year.

A Louis Harris Survey conducted for the National Consumers League found that 92 percent of adults in the United States reported receiving fraudulent telephone offers. Consumers aged 60 or older are often popular targets of disreputable telemarketers.

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The Law Is On Your Side!

Most consumers don't know about the Federal Trade Commission's "Telemarketing Sales Rules," which give consumers important protections:

- **Before the sales pitch** even begins, the telemarketer must tell you that the call is a sales call. The telemarketer must tell you his or her name, the name of the company and the name of the product.
- **Telemarketers must be truthful** about the product or service. They cannot lie to get you to pay – no matter what method of payment you use.
- **You must be fully informed** about any restrictions associated with the sale, including finality of the sale, whether the product or service is non-refundable, and any risks involved. If the pitch is for a prize, you should be told the odds of winning, that no purchase or payment is necessary to win, and any restrictions or conditions for receiving the prize.
- **In the event of a dispute** with your credit card company or with someone you have paid by credit card, you can require the credit card company to investigate the dispute and correct any billing errors by making a written request to do so. If you purchase something by credit card and the seller goes out of business or simply does not send you what you purchased, you can withhold payment from the card issuer by giving them proper legal notice.



Get Off the Marketing Lists

You can get your name removed from many telemarketing lists through a free service offered by the Federal Trade Commission. Simply register at the Commission's Web site, www.donotcall.gov or call 1-888-382-1222 from the number you wish to add to the Do Not Call database. Here are some important things to know about the National Do Not Call Registry:

- **Once you register**, telemarketers covered by the National Do Not Call Registry have three months from the time you register to get you off of their lists. After three months, they're not allowed to call you!
- **Registering on this list** will not stop all telemarketers. You may still receive calls from political organizations, charities, telephone surveyors or companies with which you have an existing business relationship.
- **Once you have been** on the Do Not Call list for three months, if you receive calls from a telemarketer that you believe is covered by the National Do Not Call Registry, you can file a complaint online at www.donotcall.gov or by calling 1-888-382-1222. (You must know the name or phone number of the company that called you.)

All telemarketers, even those not covered by the National Do Not Call Registry, must take you off their list if you specifically request that they do so. Tell the telemarketer to "remove me from your telemarketing list" and ask how long it will take to have you number removed. If you get another call from one of its telemarketers after that time, they have broken the law. Hang up!

Stay Off Marketing Lists

There are several gimmicks out there that are used to develop telemarketing lists. To stay off those lists, simply follow a few rules:

- **Do not fill out** consumer surveys or marketing surveys
- **Do not fill out** surveys attached to product "warranty registration cards." You do not have to respond to the survey or even complete and return the cards to enjoy your warranty rights*
- **Do not fill out** sweepstakes entry forms
- **When you give money** to a charity or other group, enclose a note asking them not to share, sell or rent your name to any other organization. Do the same when you order from a catalog
- **Exercise your opt-out rights** wherever you can. Your financial institutions are required to notify you of your right to stop them from sharing your personal financial information with outside companies.² Read the privacy policies of Web sites. They often give you an opportunity to opt out of having your information shared with other companies

For more information, see the Financial Privacy page on the Office of Privacy Protection web site at www.privacy.ca.gov/financial.htm.

** California Civil Code Section 1793.1(a)(1) requires a warranty or product registration card to contain a statement that failure to complete and return the card does not diminish a consumer's warranty rights. For text of the law, go to www.privacy.ca.gov/code/cc1793.1.htm.*

Don't Get Scammed!

- **Don't buy or** make any commitments during the call. If a product, service, or investment piques your interest, ask the telemarketer to send you written information about the offer. Verify the claims made in the written material and check out the company's reputation.
- **Don't give out** your credit card number to someone who calls you unless you have checked out the company and its claims or have had satisfactory business experience with it before.
- **Never give out** your bank account or debit card number to anyone who calls you on the telephone. Once you decide to purchase something over the phone, it's much safer to pay by credit card than by any other means.
- **Be wary about** promotions that require you to call a "900" or "976" number. You may run up a large telephone bill and get little in return. If you do use such a number, you can hang up without charge right after you hear the cost disclosure at the beginning of the call.
- **Many people**, especially senior citizens, don't want to be rude to a telemarketer. If you're not interested, it's OK to say so and hang up.

Consider Getting Caller I.D. and Call Blocking

Most phone companies now offer a caller I.D. feature that gives you the phone number of those who call you. If someone blocks their phone number, Call Blocking stops the call before it gets to you. These features cost a few dollars a month.